

House Engrossed

**FILED**

**JANICE K. BREWER  
SECRETARY OF STATE**

State of Arizona  
House of Representatives  
Forty-eighth Legislature  
First Regular Session  
2007

CHAPTER 180

# **HOUSE BILL 2491**

AN ACT

AMENDING SECTIONS 43-1085 AND 43-1164, ARIZONA REVISED STATUTES; RELATING TO  
INCOME TAX CREDITS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 43-1085, Arizona Revised Statutes, is amended to  
3 read:

4 43-1085. Credit for solar energy devices; commercial and  
5 industrial applications

6 A. For taxable years beginning from and after December 31, 2005  
7 through December 31, 2012, a credit is allowed against the taxes imposed by  
8 this title for ~~installing~~ A TAXPAYER WHO IS EITHER:

9 1. INSTALLING one or more solar energy devices, as defined in section  
10 42-5001 and certified pursuant to section ~~41-1501.10~~ 41-1510.01, during the  
11 taxable year for commercial, ~~or~~ industrial purposes OR ANY OTHER  
12 NONRESIDENTIAL APPLICATION in the taxpayer's ~~trade or business~~ FACILITY  
13 located in this state. ~~or~~

14 2. ~~Financed, by a~~ THE third party organization THAT FINANCED,  
15 INSTALLED OR MANUFACTURED THE SOLAR ENERGY DEVICE THAT QUALIFIES FOR THE  
16 CREDIT UNDER PARAGRAPH 1 OF THIS SUBSECTION IF THE TAXPAYER OR AN ENTITY  
17 EXEMPT FROM TAXATION UNDER CHAPTER 12 OF THIS TITLE WHO OTHERWISE WOULD  
18 QUALIFY FOR THIS CREDIT TRANSFERS THE CREDIT ON A FORM PRESCRIBED BY THE  
19 DEPARTMENT TO THE THIRD PARTY ORGANIZATION.

20 B. The amount of the credit is equal to ten per cent of the installed  
21 cost of the device.

22 C. The person who provides or installs the device shall furnish the  
23 taxpayer with an accounting of the cost to the taxpayer.

24 D. The taxpayer may not cumulate total tax credits under this section  
25 exceeding twenty-five thousand dollars with respect to the same building in  
26 the same year or fifty thousand dollars in total credits in any year.

27 E. If the allowable credit exceeds the taxes otherwise due under this  
28 title on the claimant's income, or if there are no taxes due under this  
29 title, the amount of the claim not used to offset taxes under this title may  
30 be carried forward for not more than five consecutive taxable years as a  
31 credit against subsequent years' income tax liability.

32 F. Co-owners of a business, including partners in a partnership and  
33 shareholders of an S corporation, as defined in section 1361 of the internal  
34 revenue code, may each claim only the pro rata share of the credit allowed  
35 under this section based on the ownership interest or financial investment in  
36 the system. The total of the credits allowed all such owners may not exceed  
37 the amount that would have been allowed a sole owner.

38 Sec. 2. Section 43-1164, Arizona Revised Statutes, is amended to read:

39 43-1164. Credit for solar energy devices; commercial and  
40 industrial applications

41 A. For taxable years beginning from and after December 31, 2005  
42 through December 31, 2012, a credit is allowed against the taxes imposed by  
43 this title for ~~installing~~ A TAXPAYER THAT IS EITHER:

44 1. INSTALLING one or more solar energy devices, as defined in section  
45 42-5001 and certified pursuant to section ~~41-1501.10~~ 41-1510.01, during the

1 taxable year for commercial, ~~or~~ industrial purposes OR ANY OTHER  
2 NONRESIDENTIAL APPLICATION in the taxpayer's ~~trade or business~~ FACILITY  
3 located in this state. ~~or~~

4 2. ~~Financed, by a~~ THE third party organization THAT FINANCED,  
5 INSTALLED OR MANUFACTURED THE SOLAR ENERGY DEVICE THAT QUALIFIES FOR THE  
6 CREDIT UNDER PARAGRAPH 1 OF THIS SUBSECTION IF THE TAXPAYER OR AN ENTITY  
7 EXEMPT FROM TAXATION UNDER CHAPTER 12 OF THIS TITLE WHO OTHERWISE WOULD  
8 QUALIFY FOR THIS CREDIT TRANSFERS THE CREDIT ON A FORM PRESCRIBED BY THE  
9 DEPARTMENT TO THE THIRD PARTY ORGANIZATION.

10 B. The amount of the credit is equal to ten per cent of the installed  
11 cost of the device.

12 C. The person who provides or installs the device shall furnish the  
13 taxpayer with an accounting of the cost to the taxpayer.

14 D. The taxpayer may not cumulate total tax credits under this section  
15 exceeding twenty-five thousand dollars with respect to the same building in  
16 the same year or fifty thousand dollars in total credits in any year.

17 E. If the allowable credit exceeds the taxes otherwise due under this  
18 title on the claimant's income, or if there are no taxes due under this  
19 title, the amount of the claim not used to offset taxes under this title may  
20 be carried forward for not more than five consecutive taxable years as a  
21 credit against subsequent years' income tax liability.

22 F. Co-owners of a business, including corporate partners in a  
23 partnership, may each claim only the pro rata share of the credit allowed  
24 under this section based on the ownership interest or financial investment in  
25 the system. The total of the credits allowed all such owners may not exceed  
26 the amount that would have been allowed a sole owner.

27 Sec. 3. Retroactivity

28 This act applies retroactively to taxable years beginning from and  
29 after December 31, 2005.

APPROVED BY THE GOVERNOR MAY 4, 2007.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 4, 2007.